

Message Text

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46

ACTION L-03

INFO OCT-01 AF-06 EUR-12 ISO-00 OPIC-03 FS-01 EB-07 TRSE-00

COME-00 OMB-01 AID-05 ABF-01 /040 W

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P 131410Z NOV 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC PRIORITY 0000

INFO AMEMBASSY ADDIS ABABA PRIORITY

AMEMBASSY LUSAKA PRIORITY

AMEMBASSY PARIS PRIORITY

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PARIS: RFC LERCHBAUM

ADDIS ABABA: FOR OPIC MULLER

E.O. 11652: N/A

TAGS: EFIN ABUD KE

SUBJECT: TAW PAYMENTS TO EMBASSIES

REF: STATE 266869

1. SUMMARY: LOCAL EXCHANGE CONTROL REGULATIONS PROHIBIT USDO FROM HOLDING BOTH EXTERNAL AND INTERNAL ACCOUNTS. CENTRAL BANK UNLIKELY TO GRANT APPROVAL TO CONTINUE ACCEPTING TAW PAYMENTS IN EXTERNAL USDO ACCOUNT. REDESIGNATING EXTERNAL ACCOUNT AS INTERNAL POSES ADDITIONAL PROBLEMS FOR USDO. END SUMMARY.

2. HOST GOVERNMENT APPROVAL WOULD HAVE TO BE SOLICITED FOR PRESENT SYSTEM OF HANDLING TAW PAYMENTS. EMBASSY STRONGLY DOUBTS PERMISSION WOULD BE GRANTED IMMEDIATELY, IF AT ALL, SINCE REQUEST MUST BE ACCOMPANIED BY AMPLE DOCUMENTATION FROM TAW EXPLAINING ORIGINAL SOURCE AND TOTAL SUMS OF FOREIGN

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EXCHANGE BROUGHT INTO KENYA AT TIME COMPANY BRANCH

ESTABLISHED IN NAIROBI. EMBASSY AND COMMERCIAL BANK OF AFRICA OFFICIALS ARE ALSO RELUCTANT TO DRAW CENTRAL BANK'S ATTENTION TO FACT THAT TAW REMITTANCES HAVE APPARENTLY BEEN ACCEPTED IN PRESENT EXTERNAL USDO ACCOUNT IN CONTRAVENTION LOCAL EXCHANGE CONTROL REGULATIONS (WE HAVE BEEN UNABLE FIND RECORD OF CENTRAL BANK APPROVAL).

3. NEITHER REDESIGNATION OF EXISTING USDO EXTERNAL ACCOUNT NOR ESTABLISHMENT OF SEPARATE INTERNAL ACCOUNT APPEAR FEASIBLE AT THIS STAGE. REDESIGNATION IS LEGALLY POSSIBLE; HOWEVER, SUCH ACTION WOULD JEOPARDIZE CONVERTIBILITY OF ALL OTHER FUNDS IN USDO ACCOUNT BESIDES TAW PAYMENTS. FROM EMBASSY'S AND USG'S STANDPOINT, DISADVANTAGES OF REDESIGNATING ACCOUNT AND ACCEPTING ADDED CONVERTIBILITY RESTRICTIONS INHERENT IN INTERNAL ACCOUNT OBVIOUSLY OUTWEIGH POSSIBLE ADVANTAGES TO BE GAINED IN ACCOMMODATING TAW OR OPIC.

4. DEPT MIGHT CLARIFY TO OPIC ONE POINT WHICH SEEMS TO HAVE BEEN OBSCURED IN PREVIOUS TRAFFIC ON SUBJECT QUOTE CONVERTIBILITY UNQUOTE OF USDO EXTERNAL FUNDS. ALTHOUGH USDO DOES NOT EXCHANGE SHILLINGS FOR DOLLARS IN KENYA, PRESENT METHOD OF USING SHILLING REMITTANCES (TAW PAYMENTS AS WELL AS MISCELLANEOUS USG COLLECTIONS) TO DEFRAY IN-COUNTRY EXPENSES IN EFFECT CONSTITUTES A CONVERSION TRANSACTION. CENTRAL BANK HAS SO FAR PERMITTED EMBASSY TO HANDLE SMALL SUMS (CONSULAR FEES, PROPERTY SALES, ETC.) IN THIS FASHION BUT WOULD UNDOUBTEDLY OBJECT TO TAW'S LARGER, REGULAR PAYMENTS.

5. FINALLY, LOCAL EXCHANGE CONTROL REGULATIONS WOULD PROHIBIT USDO FROM OPENING TWO ACCOUNTS, INTERNAL AND EXTERNAL.

6. ON BASIS DISCUSSIONS WITH LOCAL BANKING OFFICERS, EMBASSY FEELS WISEST COURSE WOULD BE FOR TAW TO SEEK PERMISSION TO REPATRIATE ASSETS IN FOREIGN CURRENCY DIRECTLY TO U.S. CB WOULD REQUIRE PROOF THAT REMITTANCES INVOLVED PRINCIPAL AND INTEREST PAYMENTS LIMITED OFFICIAL USE

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CONNECTED WITH US DOLLAR LOAN (S) RECEIVED BY NAIROBI BRANCH OF TAW. EMBASSY UNDERSTANDS MULLER ELREADY INVESTIGATING THIS TACTIC WITH LOCAL BANKING OFFICIALS. DECON 11/13/76.
MARSHALL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ACCOUNTS, DEBT REPAYMENTS, FOREIGN EXCHANGE CONTROLS, BUSINESS LOSSES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NAIROB09908
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750395-0747
From: NAIROBI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751146/aaaabpcg.tel
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